

16-1180

**WAVERLY TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN**

Financial Statements
For the Year Ended
March 31, 2004

Prepared By:

Richard E. Mahlmeister, C.P.A., P.C.
580 South Nicolet, P.O.Box 996
Mackinaw City, MI 49701

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Waverly Township	County Cheboygan
Audit Date 3/31/04	Opinion Date 6/15/04	Date Accountant Report Submitted to State: 6/25/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

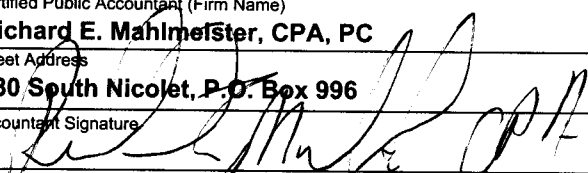
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Richard E. Mahlmeister, CPA, PC			
Street Address 580 South Nicolet, P.O. Box 996		City Mackinaw City	State MI
Accountant Signature 		ZIP 49701	Date

WAVERLY TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

June 15, 2004


Township Board
Waverly Township
Cheboygan County, Michigan

I have audited the accompanying general purpose financial statements of **Waverly Township, Cheboygan County**, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **Waverly Township, Cheboygan County**, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America .

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of **Waverly Township, Cheboygan County**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


Richard E. Mahlmeister, C.P.A.

GENERAL PURPOSE FINANCIAL STATEMENTS

WAVERLY TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

ASSETS	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	TRUST AND AGENCY
Cash and cash equivalents	\$88,558	\$30,212	\$113
Investments	\$51,592	-	-
Taxes receivable	1,826	1,826	-
Due from other funds	113	-	-
Fixed assets	-	-	-
TOTAL ASSETS	\$142,089	\$32,038	\$113
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accrued expenses	\$221	\$ -	\$ -
Due to other funds	-	-	113
TOTAL LIABILITIES	221	-	113
FUND EQUITY			
Investment in general fixed assets	-	-	-
Fund balances - Unreserved, undesignated	141,868	32,038	-
TOTAL FUND EQUITY	141,868	32,038	-
TOTAL LIABILITIES AND FUND EQUITY	\$142,089	\$32,038	\$113

See Accompanying Notes.

ACCOUNT GROUP		
GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)	
\$ -	\$118,883	
-	51,592	
-	3,652	
-	113	
156,332	156,332	
<u>\$156,332</u>	<u>\$330,572</u>	
\$ -	\$221	
-	113	
-	334	
156,332	156,332	
-	173,906	
156,332	330,238	
<u>\$156,332</u>	<u>\$330,572</u>	

WAVERLY TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
REVENUES			
Taxes	\$33,588	\$25,667	\$59,255
Payment in lieu of taxes	19,776	-	19,776
State shared revenues	32,169	1,953	34,122
Charges for services	1,982	-	1,982
Interest	1,529	48	1,577
Other	401	-	401
TOTAL REVENUES	89,445	27,668	117,113
EXPENDITURES			
Current:			
Legislative	5,378	-	5,378
General government	44,913	-	44,913
Public safety	5,052	26,718	31,770
Public works	31,290	-	31,290
Other functions	3,255	-	3,255
TOTAL EXPENDITURES	89,888	26,718	116,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(443)	950	507
FUND BALANCES, BEGINNING OF YEAR	142,311	31,088	173,399
FUND BALANCES, END OF YEAR	\$141,868	\$32,038	\$173,906

See Accompanying Notes.

WAVERLY TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES	\$32,077	\$33,588	\$1,511
Taxes	19,776	19,776	-
Payment in lieu of taxes	32,579	32,169	(410)
State shared revenues	700	1,982	1,282
Charges for services	1,720	1,529	(191)
Interest	548	401	(147)
Other			
TOTAL REVENUES	87,400	89,445	2,045
EXPENDITURES			
Current:	5,950	5,378	572
Legislative	41,586	44,913	(3,327)
General government	5,911	5,052	859
Public safety	30,953	31,290	(337)
Public works	3,000	3,255	(255)
Other functions			
TOTAL EXPENDITURES	87,400	89,888	(2,488)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(443)	(443)
FUND BALANCES, BEGINNING OF YEAR	142,311	142,311	-
FUND BALANCES, END OF YEAR	\$142,311	\$141,868	(\$443)

See Accompanying Notes.

SPECIAL REVENUE FUNDS

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$24,969	\$25,667	\$698
-	-	-
1,875	1,953	78
-	-	-
131	48	(83)
-	-	-
26,975	27,668	693
-	-	-
-	-	-
26,375	26,718	(343)
-	-	-
-	-	-
26,375	26,718	(343)
600	950	350
31,088	31,088	-
\$31,688	\$32,038	\$350

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Waverly Township, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's general purpose financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its general purpose financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

See Note 8 for information describing related organizations not included in the Township's reporting entity.

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The following fund types and account group are utilized by the Township:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (CONTINUED)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes as dictated by legal, regulatory or administrative requirements.

FIDUCIARY FUND

Trust and Agency Fund

The Trust and Agency Fund is used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

ACCOUNT GROUP

General Fixed Assets

This account group presents the fixed assets of the Township utilized in its general operations.

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) as net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

BUDGETS AND BUDGETARY ACCOUNTING

Comparisons to budget are presented for General and Special Revenue Funds as required by generally accepted accounting principles. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENCUMBRANCES

The Township does not formally record encumbrances in the accounting records during the year as a normal practice. Material amounts of known commitments are sometimes recognized at the end of an accounting period to properly match the commitments with the applicable appropriation. No such commitments existed at March 31, 2004. Appropriations lapse at year-end and amounts are re-appropriated for expenditures to be incurred in the next fiscal year.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost and consist of certificates of deposit with original maturity values of longer than three months.

RECEIVABLES

Receivables are reported at gross value or net of a valuation allowance, if applicable.

DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

FIXED ASSETS

Fixed assets used in the general operation of the township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including streets, roads and sidewalks are not capitalized.

RESERVES AND DESIGNATIONS

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity which is available for budgeting in future periods. The Township has no reserves or designations.

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VACATION AND SICK LEAVE

There is no accumulated vacation or sick leave to be recognized.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures which exceeded the amount appropriated as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
GENERAL			
Supervisor	\$6,165	\$6,419	\$ 254
Assessor	\$6,522	\$6,725	\$ 203
Clerk	\$8,980	\$10,195	\$1,215
Board of Review	\$ 785	\$ 799	\$ 14
Treasurer	\$7,688	\$10,727	\$3,039
Streets and highways	\$12,763	\$12,956	\$ 193
Cemetery	\$2,644	\$3713	\$1,069
Sanitation	\$18,190	\$18,334	\$ 144
Other functions	\$3,000	\$3,255	\$ 255
SPECIAL REVENUE			
Liquor Enforcement:			
Public Safety	\$1,875	\$2,218	\$ 343

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: CASH AND CASH EQUIVALENTS

The caption on the combined balance sheet relating to cash, cash equivalents and investments represent deposits in one financial institution located in Michigan in varying amounts as follows:

Cash and cash equivalents	\$118,883
Investments	<u>51,592</u>
	<u>\$170,475</u>

At year-end the carrying amount of the Township's deposits were classified as to risk as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$100,113	\$101,052
Uninsured – uncollateralized	<u>70,362</u>	<u>72,338</u>
	<u>\$170,475</u>	<u>\$173,390</u>

All accounts are in the name of the Township and a specific fund. They are recorded in Township records at cost. Interest is recorded when deposits mature or is credited to the applicable account.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: PROPERTY AND EQUIPMENT - GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions (Deletions)	Balance March 31, 2004
Land	\$12,865	\$ -	\$12,865
Buildings and Improvements	122,611	-	122,611
Machinery and Equipment	20,856	-	20,856
	<u>\$156,332</u>	<u>\$ -</u>	<u>\$156,332</u>

NOTE 5: PROPERTY TAX

Property tax revenues for the year ended March 31, 2004, reflected in the accompanying financial statements include property taxes levied December 31, 2003. These taxes are due by February 15, 2004, and are added to the County tax rolls after February 28, 2004. The Township will receive 100% payment for the delinquent Township tax by June, 2004.

The taxable value of the Township totaled \$26,318,446, before Board of Review adjustments, on which ad valorem taxes consisted of .9822 mills for the Township's operating purposes and .9822 mills for fire protection, raising \$25,667 for operating and \$25,667 for fire protection.

NOTE 6: PENSION PLAN

The Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township Board, the Township contributes 12% of employees' gross earnings. In accordance with these requirements, the Township contributed \$4,301 during the current year. Fees and contract charges were \$185.

NOTE 7: JOINT VENTURES

The Township, in conjunction with Forest Township, Cheboygan County, has created the Forest-Waverly Township Fire Department to provide fire service to local residents. In accordance with the agreement, the Forest-Waverly Township Fire Department is governed by a four-member board composed of two appointees from each Township. Each Township contributes one-half of the approved budget of the Fire Department on a quarterly basis.

(Continued)

WAVERLY TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

NOTE 7: JOINT VENTURES (CONTINUED)

For the year ended March 31, 2004, Waverly Township's share of contributions were \$24,500. In accordance with the agreement, net assets and/or equipment will only be distributed upon termination of the agreement. Audited financial statements of the Forest-Waverly Township Fire Department can be obtained by writing the Forest-Waverly Township Fire Department at P.O. Box 26, Tower, MI 49792.

The Township, in conjunction with the City of Onaway, the Hillman Fire and Ambulance Board (serving the Village of Hillman and the townships of Rust and Montmorency, Montmorency County), the townships of Allis, Bearinger, Case, Forest, North Allis and Ocqueoc, Cheboygan County, has created the Onaway Area Ambulance Service (the Service) to provide ambulance service to local residents. In accordance with the agreement, the Service is governed by a board composed of one appointee from each Township. The expenses involved in the overall operation of the ambulance service are split equally between the participating units. For the year ended March 31, 2004, Waverly Township's share of contributions were \$5,052. In accordance with the agreement, net assets and/or equipment will be distributed equally among the participating and only upon termination of the agreement. Audited financial statements of the Service can be obtained by writing the Onaway Area Ambulance Service at P.O. Box 454, Onaway, MI 49765.

NOTE 8: RISK MANAGEMENT

Waverly Township participates in the Michigan Municipal Liability and Property Pool for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138; Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of Waverly Township. Waverly Township pays an annual premium to the Michigan Municipal Liability and Property Pool for its general insurance coverage and has no additional liability beyond the premiums made to this plan and the \$1,000 deductible amounts.

The plan has a maximum liability for property of \$159,934, general liability of \$1,000,000, public officials of \$1,000,000, automobile liability of \$1,000,000, employee benefit liability of \$1,000,000 other liability coverage and bonding for public officials errors and omissions. Additionally, Waverly Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS**

GENERAL FUND

**WAVERLY TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED REVENUES
FOR THE YEAR ENDED MARCH 31, 2004**

TAXES

Current property taxes	\$25,667
Property tax administration fee	7,921

TOTAL TAXES	<u>33,588</u>
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Payment in lieu of taxes	<u>19,776</u>
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STATE SHARED REVENUES	<u>32,169</u>
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CHARGES FOR SERVICE

Sanitation - landfill fees	207
Cemetery - burial and lots	1,775

TOTAL CHARGES FOR SERVICES	<u>1,982</u>
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INTEREST INCOME	<u>1,529</u>
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OTHER

Rents and other	<u>401</u>
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TOTAL REVENUE	<u><u>\$89,445</u></u>
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**WAVERLY TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004**

LEGISLATIVE

Township Board:

Salaries	\$2,720
Fringe benefits	831
Community promotion	700
Education and training	535
Memberships and dues	592

TOTAL LEGISLATIVE

5,378

GENERAL GOVERNMENT

Township Supervisor:

Salaries	5,596
Fringe benefits	787
Transportation	36

6,419

Assessor:

Contracted service	6,725
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Clerk:

Salaries	8,220
Fringe benefits	1,046
Office supplies	627
Communication	216
Transportation	45
Printing and Publishing	41

10,195

Board of Review:

Salaries	630
Printing and Publishing	68
Other	101

799

(Continued)

**WAVERLY TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

GENERAL GOVERNMENT: (Cont'd)

Treasurer:

Salaries	\$4,904
Fringe benefits	678
Office supplies	2,905
Communication	25
Contracted services	2,215
	<hr/>
	10,727

Township Hall :

Salaries	910
Supplies	998
Repairs	1,649
Communication	477
Utilities	2,301
	<hr/>
	6,335

Cemetery:

Salaries	2,675
Fringe benefits	372
Supplies	624
Repairs	42
	<hr/>
	3,713

TOTAL GENERAL GOVERNMENT

44,913

PUBLIC SAFETY

Ambulance:

Contracted services	5,052
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(Continued)

**WAVERLY TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

PUBLIC WORKS

Highways and streets:

Contracted services	<u>\$12,956</u>
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Sanitation - landfill:

Salaries	5,082
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Fringe benefits	741
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Contracted services	11,626
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Supplies	290
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Repairs	<u>595</u>
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18,334

TOTAL PUBLIC WORKS

31,290

OTHER

Insurance	<u>3,255</u>
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TOTAL EXPENDITURES

\$89,888

SPECIAL REVENUE FUNDS

**WAVERLY TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004**

<u>ASSETS</u>	<u>FIRE FUND</u>	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$27,386	\$2,826	\$30,212
Taxes receivable	1,826	-	1,826
TOTAL ASSETS	\$29,212	\$2,826	\$32,038
 FUND BALANCES	 \$29,212	 \$2,826	 \$32,038

WAVERLY TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANC.
FOR THE YEAR ENDED MARCH 31, 2004

	FIRE FUND	LIQUOR LAW ENFORCEMENT FUND	TOTAL
REVENUES:			
Taxes	\$25,667	\$ -	\$25,667
State shared revenues	-	1,953	1,953
Interest	48	-	48
TOTAL REVENUES	25,715	1,953	27,668
EXPENDITURES:			
Public safety	24,500	2,218	26,718
TOTAL EXPENDITURES	24,500	2,218	26,718
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,215	(265)	950
FUND BALANCES - BEGINNING OF YEAR	27,997	3,091	31,088
FUND BALANCES - END OF YEAR	\$29,212	\$2,826	\$32,038

TRUST AND AGENCY FUND

WAVERLY TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUND - TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE APRIL 1, 2003	ADDITIONS	DELETIONS	BALANCE MARCH 31, 2004
ASSETS:				
Cash	\$754	\$714,377	\$715,018	\$113
LIABILITIES:				
Due to other funds	\$754	\$54,913	\$55,554	\$113
Due to County	-	267,123	267,123	-
Due to Schools	-	349,224	349,224	-
Due to Intermediate School District	-	43,117	43,117	-
	\$754	\$714,377	\$715,018	\$113

RICHARD E. MAHLMEISTER



CERTIFIED PUBLIC ACCOUNTANT, P.C.

Member:

*American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants*

June 15, 2004

Township Board
Waverly Township
Cheboygan County, Michigan

In planning and performing my audit of the general purpose financial statements of ***Waverly Township, Cheboygan County, Michigan***, for the year ended March 31, 2004, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated June 15, 2004 on the financial statements of ***Waverly Township***.

Thank you for the opportunity to serve ***Waverly Township***. I appreciate the assistance I received from both the Clerk and Treasurer during my audit. Best wishes in the next year.

Sincerely,

Richard E. Mahlmeister, C.P.A.

SEGREGATION OF DUTIES

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect *Waverly Township's* ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

As in the prior year, the reportable condition that exists is that there is a lack of segregation of duties in both the receipting and disbursement function of the Township. This condition is generally inherent in organizations the size of *Waverly Township*, where corrective action is not practical, and is not considered to be a material weakness.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which exceeded the amount appropriated, as shown in the body of the financial statements.

I suggest that the Township Board on a periodic basis, review appropriations as compared to actual expenditures and amend the budget as necessary to avoid incurring expenditures in excess of appropriations.

UPCOMING FINANCIAL REPORTING CHANGES

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements – Management's Discussion and Analysis - for State and Local Governments*, the most significant change in the history of government financial reporting. These new requirements for the annual financial reports of state and local governments become effective for Waverly Township for the year ended March 31, 2005 and will take time to implement.

As the effective date will be next year (March 31, 2005) and will require this reporting for the next required audit year, March 31, 2006, I would be pleased to explain these changes and what they mean for the Waverly Township as well as assist in implementing this new standard.